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On the Progress of Fire Insurance in Great Britain, as compared with other Countries. By SAMUEL BROWN, F.S.S.

(Continued from p. 272.)

IV.—*Fire Insurance in Belgium.*

IN the year 1847, a report by the Special Commission appointed by the Belgian Government to inquire into assurance by the State, led to a project of law, in the first article of which it was proposed that a general system of insurance against fire, hail, and mortality amongst cattle, should be undertaken by the State. The Commission, however, had omitted to state the cost at which the system recommended could be carried out, and it was referred to the Central Commission of Statistics to inquire further into the subject. The report of M. Frère Orban, the Minister of Finance, contains a large amount of very valuable information on each of the subjects referred to; and with regard to fire insurance, he enters upon the general inquiry how far it would be profitable to the State to undertake this branch of business.

After pointing out the distinction between the assurable value, the saleable value, and the tenant's value or registered income, he approximates to the total value thus. The net registered income from property in houses on 31st December, 1847, was £1,918,227, viz. :—

		£
Income from Houses—Town . . .	892,000	
„ „ „ Country . . .	804,000	
Income from Manufactories—Town . . .	120,000	
„ „ „ Country . . .	102,227	
Total . . .	£1,918,227	

Adding to this net revenue the amount abated according to law, we shall obtain a gross revenue of—

	£
In Town	1,869,320
„ Country	1,225,320
Total	£2,594,640

On consultation with experienced valuers, it was concluded that the gross income or tenant value in the 86 towns of the kingdom averaged 7 per cent., and in the rural communes 3 per cent., of the insurable value; and, making allowance for the unregistered property, estimated at £2,652,000, the Minister concludes that the insurable value of buildings in Belgium may be set down at

£86,920,000. Other methods of checking these results were adopted, such as taking the proportion of the Government tax of 10 per cent. on the net income; or, taking the average of 200 houses in various parts of the kingdom, giving a net income of £3,955, and an insurable value of £102,454. Applying the proportion of income of the whole insurable property, very nearly the same result was produced. In the Grand Duchy of Baden, the insurance of buildings is obligatory on the inhabitants, and has for nearly half a century been carried on under the authority and support of the Government. The population was about £1,335,000, and the value of property in buildings assured £27,813,000, giving about £20. 17s. to each inhabitant. Applying the same average to the 4,337,196 inhabitants of Belgium, the insurable property in houses would be about 90 millions in value. The Minister therefore thought himself justified in assuming 84 millions as the mean of the calculations. The total value of furniture seemed rated very low, being deduced from the property-tax of 1847, and the total only set down as £13,600,000, making a total insurable against fire of £97,600,000. The average premium in private Companies, both in France and Belgium, had been .085, or 1s. 9d. per cent.; but assuming 2s., the total Government premium-tax would be £97,600, and the average annual value of property destroyed by fire in Belgium, for the years 1839-40-41, and 1844 to 1848, was £85,318. Considering the large expenses of carrying on the business, the Minister concludes that the hope of finding in the system of Government insurance a source of profit or revenue of any consequence to the State is a delusion which ought to be given up; and that, both in a moral and political point of view, the inconveniences and dangers resulting therefrom are greater than the good it can be expected to produce.

In the census of 1846, just preceding this inquiry, the total number of houses in the kingdom is stated as—

Inhabited	799,848
Uninhabited	29,713
Total	<u>829,561</u>

of which 160,471, or 20 per cent. only, were insured against fire, for a total sum of £43,721,212, being an average of £272 for each house, and just £10 for each inhabitant: which, it will be perceived, is about half the insurable value estimated from the Baden Government returns.

At the date of the above report, it was stated that twelve proprietary Fire Insurance Companies had been authorized in Belgium since 1830, of which eight only were then carrying on business, the total sums insured in seven of which, in 1848, were £57,128,424; the premiums thereon, £49,278 = 0.85 per cent.; the losses, £26,881 = 0.47 per cent. on sum insured, or 54.55 per cent. on the premiums; and the expenses, commission, &c., £17,028 = 34.5 per cent. on premiums.

Since then, I can only give one (but a more complete) account, for the year 1849-50. The oldest Company bears date 1819.

	Sums Insured.	Premiums.	Losses.
Ten Proprietary and } Mutual Companies }	£ 123,419,190	£ 129,724	£ 56,000

The average premium was $\cdot 107 = 2s. 2d.$ per cent. on sum insured, and the average of the losses $\cdot 046 = 11d.$ per cent. on sum insured, and rather less than 44 per cent. on the premiums received.

V.—*Fire Insurance in Holland.*

I have sought to obtain information as to the amount insured by the Fire Insurance Companies of Holland, but without success. A friend in Amsterdam, who, some years ago, endeavoured to obtain the amount of marine insurance for me, has equally failed on applying to the managers of the Fire Insurance Companies. The rental of insurable buildings is estimated for 1854-55 to be, in various provinces, about £2,500,000, which, at 15 years' purchase, would give £37,500,000, and the total furniture, or moveable property therein, at only a little more than £7,000,000. These values are very little above the estimates for 1848-49, and scarcely assist the inquiry even as to insurable property, and not at all as to the actual amount insured in Holland.

VI.—*Fire Insurance in Sweden.*

In Stockholm, there are five principal Fire Insurance Companies, extending their business to the provinces; besides a few mutual Associations in the country, confined to small risks in their respective localities.

In four of these Companies, the following table shows the increasing business to the close of 1850:—

	Number of Companies.	Sums Insured.	Losses.
		£	£
1842.....	1	2,545,400	11,912
1843.....	2	4,493,153	2,759
1844.....	2	4,981,056	7,443
1845.....	4	8,293,764	13,222
1846.....	4	8,410,299	34,047
1847.....	4	8,704,448	18,916
1848.....	4	8,896,469	7,433
1849.....	4	9,538,051	37,557
1850.....	4	9,747,796	13,245
		65,610,436	146,534

The average of the losses is $\cdot 226$ per cent. on the sum insured, a very high rate, but evidently arising from the particular branch of business of two out of the four Companies assuring buildings, goods, and furniture in the towns, the average for each Company being $\cdot 091$, $\cdot 092$, $\cdot 381$, and $\cdot 360$ respectively. From 1845 to 1850, the increase in the sums insured in the four Companies was $17\frac{1}{2}$ per cent. in the 5 years.

VII.—*Fire Insurances in Denmark.*

In the 17 years from 1827-28 to 1844, the sum insured by the Government against fire on buildings in towns, increased from £3,122,857 to £4,457,142, being an increase of nearly 42·7 per cent. The average losses during that period amounted to $\cdot 180$ per 3s. 7d. per cent. The sum insured on buildings in the country increased from £14,980,000 in 1827-28, to £18,928,571 in 1844, about 26·36 per cent. in the 17 years. The average losses thereon amounted to about $\cdot 187$ or 3s. 9d. per cent. per annum on the sum insured.

The principal Fire Insurance Company in Copenhagen, the Royal Octroied Fire Insurance Company, established 11th May, 1778, and remodelled on 24th May, 1843, has a privilege for insuring goods, furniture, and all moveable property at Copenhagen, so that neither another Danish Company, nor the agency of a foreign Insurance Company, is lawful, though some English and German Companies have agents at Copenhagen and do a large business. A fine of 1,000 rix-dollars, which must be paid by the insured to this Company, in case he should be found to have insured with another office, is practically evaded by the difficulty of discovering the transaction, except in the case of an actual loss by fire, and the fine is often insured with the property. From 1816 to 1824, the

amount of insurances gradually diminished from £2,000,000 to £750,000, since which time it has steadily increased to £3,555,555 in 1852. It will suffice to give the amounts insured in each five years from 1827, when the insurances amounted to £1,000,000.

	Sums Insured.	Premiums.	Losses.	Premiums per Cent. on Sums Insured.	CLAIMS PER CENT.	
					On Sum Insured.	On Premium.
	£	£	£			
1827..	1,000,000	5,734	527	·570	·053	9·2
1832..	1,222,222	5,506	23	·450	·002	0·4
1837..	1,622,222	7,316	3,456	·450	·213	47·2
1842..	2,148,148	6,774	126	·320	·016	1·2
1847..	3,000,000	9,899	2,981	·330	·099	30·1
1852..	3,555,555	11,775	3,161	·330	·089	26·7
Total 1815 to 1852. }	66,625,911	293,900	77,939	·440	·117	26·6

The amount of insurance is small, but shows a satisfactory and steady progress in each quinquennial period; the insurances having increased in the last ten years nearly $65\frac{1}{2}$ per cent. The average premium in 37 years has been ·440, or 8s. 10d. per cent., and the average loss ·117, or 2s. 4d. per cent. per annum on sums insured.

Another Company, the “Brandforsikkring for Huse og Gaarde,” at Copenhagen, shows a sum insured on buildings, in Copenhagen, for the year ending 30th September, 1854, of £6,575,684, being £155,556 more than at last year. The premiums in the year were £2,244, and the claims, £4,014, but the funds of the society amounted to £173,418.

VIII.—*Fire Insurance in Russia and Poland.*

It was stated in the *Times* of 16th September, 1847, that the Emperor had just issued an ukase, to forbid the insurance in foreign countries of real property situated in Russia, under the penalty of a fine of 3 per cent. on the sum insured. The same ukase places a tax of $\frac{3}{4}$ per cent. on the amount of every policy of insurance against fire in Russia. The proceeds of the tax are destined to contribute to defray the expenses of the administration of police in the locality in which the object insured may be situated. This is equivalent to the percentage tax, in England, on a £500 policy; and it would be interesting to trace the effect on the business of fire insurance in Russia, but, unfortunately, I have not at hand any documents to throw light on the inquiry.

The only Insurance Company in St. Petersburg to whose accounts I can at present refer, shows an average amount insured annually for 20 years, prior to 1847, of about £14,662,000 per annum. The Company was established in 1827. In 1853, the premiums amounted to £135,286, the losses, £50,890 = 37·6 per cent. on the premiums, and the expenses, £20,517 = 15·2 per cent. on the premiums. In addition to £600,000 capital paid up, this Company possesses a reserve fund of £141,636.

In Poland, the Government accounts of the administration of the kingdom, about the year 1850, contained some particulars of the insurances against fire undertaken by the State. The total value of buildings assured was—

	£
In Towns	6,568,000
In Country	9,428,000
Total	<u>£15,966,400</u>

being £38,870 more than was insured in 1844. The number of fires was 196 in towns, and 1505 in the country. The total losses amounted to £86,469; being an average of nearly £50. 16s. for each fire. The proportion of loss to the total sum insured was about $\cdot 540 = 10s. 10d.$ per cent.; being more than twelve times as great as the average percentage of loss in the French and Belgian Companies.

IX.—*Fire Insurance in Germany.*

It is difficult to procure the statistics of fire insurance in Germany for any long period back. On application to Mr. Wilhelm Lazarus, the very intelligent correspondent of the Institute of Actuaries at Hamburg, I have been favoured with a promise of some information; but so many difficulties attend the inquiry, that some time will elapse before the returns can be made up.

In the year 1850, Herr Masius, who is the editor of a valuable Assurance Journal published at Leipzig, and who has written several works upon the subject, estimated the total sums insured against fire in Germany as follows:—

About £286,000,000	} by about 20 Proprietary Companies, the average premiums being 2 per 1,000.	
100,000,000		by 13 Mutual Companies.
429,000,000		} by Municipal Associations, insuring only immoveable property.
Total, £815,000,000		

The four leading Companies in Austria were established—one in 1822, one in 1831, and two in 1838; of six in Prussia, only one, that of Berlin, dates as far back as 1812. In Bavaria two, the Aachen Munchner dating from 1823; in Baden one; and in Hamburg four, the oldest having been established in 1820.

At the close of 1849, the accounts of six Proprietary and one Mutual Company showed a total sum insured against fire of £213,709,900.

Herr Masius considers that the competition is leading to a rapid increase of business, the principal exception being the inhabitants of the chief towns in Austria, viz.—Vienna, Prague, and Pesth, as also the people of the fourth rank, being petty tradesmen, handicraftsmen, small cultivators of land, and cottagers; the first, because they consider themselves to dwell in fire-secure buildings; and the last, because the smallness of their risks would render a proportionably higher premium necessary.

With regard to the Government Fire Insurance Associations for immoveable property with compulsory payments, as in Saxony, Baden, &c., the average tax required is between 2 and 3 per 1,000. The premium is generally higher than in public Companies, and there seems little doubt that the latter will gradually supersede this costly and imperfect system.

In Austria there exist five Mutual Fire Insurance Societies, in Vienna, Gratz, Prague, Inspruck, and Brunn; the earliest established in 1829. The accounts are made up at the end of the year, and the members contribute rateably to the losses and expenses. In some cases these contributions are limited to a certain sum, and recourse is then had either to a reserve capital, previously formed from the admission fees and a portion of the profits laid by, or to a temporary loan spread over a certain number of years. The societies are under high patronage, and are much favoured by the local authorities; but, from ill management or inexperience, bad classification of the risks, and other defects, the proprietors of the worst class of buildings are often favoured at the expense of those who possess better.

There are also five Proprietary Companies, with large paid-up capitals, insuring also maritime, life, and transport risks. Three of these were established in Trieste, one in Vienna, and one in Milan, the earliest dating from 1823. Deducting other branches of assurance, the fire risks effected in 1850 amounted—

	£
In the Proprietary Companies, to about . . .	120,000,000
Add amount existing, effected previous to 1850	30,000,000
	<hr/>
	150,000,000
Mutual Companies	22,000,000
	<hr/>
Total	£172,000,000

The total amount does not seem large for a country of such an extent and population as Austria, but the causes assigned are that large landed property is in the hands of a few individuals. Trade and agriculture is very little advanced, and the rural population for the most part in much poverty.

In the *Assurance Magazine*, Vol. IV., p. 364, is a statement of the account of sixteen German Fire Insurance Companies.

By approximating to the amount insured in the Companies for which the returns are not given, we shall be very near the truth in the following summary for 1852 and 1853 :—

	Sums Insured.	Premiums.	Losses and Expenses.
	£	£	£
1852.....	440,141,652	997,158	786,778
1853.....	504,675,334	1,169,152	995,760

Since writing the above, I have been favoured with the following information from Mr. Lazarus :—

Extract from a Letter from Mr. Wilhelm Lazarus, Hamburg.

“ Fire insurance of buildings, made compulsory by Government, seems to have been the first commencement of this branch in Germany. Such an insurance society, on a somewhat large scale, is mentioned in 1729, in Saxony. The premium was fixed by the insured, and the dedommagement by Government. In 1784, the constitution of the society was altered as at present. In the middle of the 18th century, societies were established for insuring buildings in Prussia, 1742; in Hanover, 1750; in Brunswick, 1753, &c.

“ In 1779, the first Proprietary Fire Insurance Company in Germany (Fire and Marine), the ‘ Funfte Assecuranz Compagnie,’ was established in Hamburg. It existed till 1842, when it was ruined by the great fire of Hamburg. In 1786, the London Phoenix Insurance Company established an agency in Hamburg.

“ In 1800, Fire Insurance Association for Hamburg, Mutual; failed in 1843—ruined by the great fire.

			Bremen (Mutual); ceased 1146.
1801,	Mecklenburgh	Assurance Company;	still existing (Mutual).
1808,	Fire Insurance	Company of Leekamp, in	Bremen (Proprietary); ceased 1845.
1812	”	”	at Berlin (Proprietary).
1819	”	”	Leipzig
1820	”	”	Patriotische, at Hamburg (Proprietary).
1821	”	”	at Gotha (Mutual).
1822	”	”	Trieste, ‘ Azienda Assicuratrice ’ (Proprietary).

1823,	Fire Insurance Company at Aachen,	'Aachen Munchner' (Proprietary).
1824	"	Elberfeld, 'Vaterländische,' "
"	"	Vienna, 'First Austrian,' "
1826	"	Schwedt (Mutual).
1827	"	Rostock "
1828	"	Norden "
1830	"	Altona "
1831	"	Güstrow "
"	"	Trieste, 'Assicurazioni Generali' (Proprietary).
1836	"	Munchen, 'Bavarian of the Bank' "
"	"	Trieste, 'Riunione Adriatica' "
"	"	Cologne, 'Colonia' "
"	"	Leipzig (Mutual)
1840	"	Marienwerder (Mutual).
"	"	Stolp "
1842	"	Greifswald "
1843	"	Franckfurt-à-M., 'Deutscher Phönix' (Proprietary).
"	"	Hamburg (Proprietary).
"	"	" 'Neue funfte' (Proprietary).
"	"	Konigsberg, 'Borussia' " ceased 1855.
1844	"	Magdeburg (Proprietary).
1845	"	Stettin "
1847	"	Lubeck " ceased 1856.
1848	"	Breslau "
1854	"	Hamburg, 'Hamburg-Bremen' (Proprietary).
1856	"	Lubeck (Proprietary).
1857	"	Franckfurt-à-M., 'Providentia' (Proprietary).

"By this record you perceive that fire insurance business is of recent date in Germany. As to the business of some of these societies in former years, you will find particulars in *Lehre der Versicherung*, by E. A. Masius, Leipzig, 1846. According to this writer, the amount of property insured, in 1844, was,—

	£
" In 45 German Companies, Mutual and Proprietary . . .	276,100,000
English, French, Dutch, Belgian, &c., Companies . . .	28,600,000
Government Societies for Buildings . . .	357,100,000
	<hr/>
	£661,800,000

"Since 1842, the *Versicherungs Zeitung*, by Masius, and the *Rundschau*, by the same author, will furnish you with the particulars of each year. Since 1852, the *Jahrbuch für Volkswirtschaft und Statistik*, published annually by Otto Hubner, will give you a very accurate table of insurance business, each branch separately. The next volume, to be published in July, will contain the assurance business of 1855. As I am the author of this article I can tell you that, in 1855, the amount of property insured in—

	£
" 19 Proprietary Companies, was . . .	630,000,000
12 Mutual " . . .	101,300,000
Add to this—Small Mutual Societies, about . . .	43,000,000
English, French, Dutch, Belgian Societies, &c. . .	28,600,000
Government Societies for Buildings . . .	357,100,000
	<hr/>
	1,160,000,000

"[In these accounts 7 thalers have been taken = 1*l.* because the other estimates I have given for Germany have been thus roughly approximated. To be strictly accurate, 5 per cent. might be added to each item.—*S.B.*]"

(*To be continued.*)